NEWS RELEASE

Arizona House of Representatives
Representative David Marshall (R-7)
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FOR IMMEDIATE RELEASE

Rep. Marshall Introduces Bills to End Renewable Energy Property Tax Subsidies and Compensate Local Residents

STATE CAPITOL, PHOENIX – State Representative David Marshall, Chair of the House Public Safety & Law Enforcement Committee, has introduced HB 2918 and HB 2915, legislation designed to ensure new large-scale renewable energy projects, including wind and solar, pay their fair share of local property taxes and compensate affected residents for negative visual impacts and reduced property values.

HB 2918 eliminates the current property tax subsidy for all new renewable energy projects proposed in the state, ensuring their assessed values are determined the same way as other properties within a county. Currently, renewable energy projects are assessed at only twenty percent of their depreciated value, giving them a significant and unfair advantage over other generation resources. This preferential treatment also means these projects are not contributing their fair share toward local services such as schools, fire departments, and law enforcement.

The bill also applies to existing renewable energy projects that do not have contracts with, or are not directly owned by, regulated utilities or public power entities. Grandfathering existing projects utilized by local utilities ensures Arizona ratepayers are not burdened with increased costs, since expenses paid by utilities are ultimately passed on to ratepayers.

HB 2915 requires the county treasurer to distribute fifty percent of all new property taxes collected from new renewable energy projects to affected residents living within three hundred feet of a project. This distribution would be applied as a direct reduction to residents' annual property tax bills, recognizing that large-scale renewable energy projects can reduce nearby property values.

The bill authorizes local county boards of supervisors to determine the methodology for allocating and distributing these reductions to affected property owners, including allocation on a per-parcel, per-acre, or per-dollar-of-assessed-value basis.

In 2024, the Legislature introduced a similar proposal known as the "solar royalties bill," which would have imposed a twelve-and-a-half percent royalty on new utility-scale solar projects and distributed the proceeds directly to residents, similar to Alaska's oil and gas compensation model. That proposal did not advance due to opposition from the renewable energy lobby. HB 2915 takes a similar approach by providing direct compensation to local residents through property tax reductions, but differs by imposing no new taxes or royalties beyond those already required under local property tax law, as amended by HB 2918.

Together, the bills provide a win-win for county governments and residents by increasing property tax revenues for rural counties while directly compensating local residents for the impacts of renewable energy projects—without imposing new taxes or fees on the industry.

"After benefiting from massive tax breaks for years, the renewable energy industry has done little to improve the reliability or affordability of the grid, while costing state and local governments millions in lost revenue and producing few long-term jobs," said Representative Marshall. **"While the Governor and Democrats talk about repealing tax breaks for industries like data centers, they have said nothing about repealing the substantial incentives enjoyed by the renewable energy industry. It's time these projects pay their fair share and give back to the communities they affect."**

David Marshall is a Republican member of the Arizona House of Representatives serving Legislative District 7, which includes Pinal, Gila, Coconino, and Navajo Counties. He also serves as Chairman of the House Committee on Public Safety & Law Enforcement. Follow him on X at @DaveMarshallAZ.

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